FEB 24 1941
CHARLES ELMORE CROPLEY
CLERK

Supreme Court of the United States

OCTOBER TERM, 1940.

No. 786

CHERRY-BURRELL CORPORATION, and THE GIRDLER CORPORATION,

Petitioners-Defendants,

v.

THE CREAMERY PACKAGE MFG. CO.,

Respondent-Plaintiff.

PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.

CLAIR W. FAIRBANK,
HUGH M. MORRIS,
ALEXANDER L. NICHOLS,
Counsel for Petitioners.

THE COURT PRESS, N. Y. C.

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Supreme Court of the United States

OCTOBER TERM, 1940.

No.

CHERRY-BURRELL CORPORATION and
THE GIRDLER CORPORATION,
Petitioners-Defendants,

v.

THE CREAMERY PACKAGE MANUFACTURING COMPANY,
Respondent-Plaintiff.

PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Petitioners, Cherry-Burrell Corporation and The Girdler Corporation, respectfully pray that a writ of certiorari issue to the Circuit Court of Appeals for the Third Circuit to review a judgment of that court entered on Nov. 30, 1940, reversing a decree of the United States District Court for the District of Delaware, dismissing the complaint in a declaratory judgment action there filed by The Creamery Package Manufacturing Company against these petitioners.

I. Summary and Statement of Matter Involved.

Petitioners are Delaware corporations. The Girdler Corporation has its principal place of business in Louisville, Ky., and is the owner of Letters Patent Re. 21,406, relating to apparatus and processes for freezing ice cream and other products. Cherry-Burrell Corporation has its principal place of business in Chicago, Ill., and is an exclusive licensee under said patent in the ice cream field. Respondent is an Illinois corporation, having its principal

place of business in Chicago, Ill., where it manufactures and sells ice cream freezers.

The present suit was brought by the respondent in the United States District Court for Delaware under the Declaratory Judgment Act (Judicial Code §274(d), 28 USC §400),* seeking to have Patent Re. 21,406 declared invalid and not infringed by it.

Letters Patent Re. 21,406 issued to petitioner, The Girdler Corporation, on Mar. 19, 1940, for the balance of the term of original Patent 1,783,864, granted Dec. 2, 1930.

On Mar. 20, 1940, counsel for The Girdler Corporation, acting under and in accordance with RS §4900, 35 USC §49, notified respondent of the issuance of Patent Re. 21,406, and respondent's infringement thereof. A copy of that letter** was sent at the same time to petitioner, Cherry-Burrell Corporation. Thereupon, Mr. Cherry, President of Cherry-Burrell Corporation, by letter dated Mar. 22, 1940,*** wrote respondent making the following suggestion:

> "It seems to me that it might be possible to work out some type of plan that would make our license with The Girdler Corporation non-exclusive, and provide for a license to your Company. * * *
>
> "If you are interested in this suggestion, I would be very glad, at the very earliest opportunity, to meet with you in the hope that some progress towards a solution of this problem can be quickly worked out."

On Mar. 25, 1940, respondent's President, Mr. Wallis, replied to the foregoing letters of petitioners. In his letter**** to counsel for The Girdler Corporation, he said:

"I will communicate further with Mr. Cherry within

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* For convenient reference the Act is set forth in Appendix "A" hereto.

** This letter (Ex. A, R. 25) is set out in Appendix "B". It and the three remaining letters constitute the entire correspondence between petitioners and respondent.

*** This letter (Ex. C, R. 27) is printed in full in Appendix "B" hereto.

**** This letter (Ex. B, R. 26) is printed in full in Appendix "B" hereto.

the next few days in response to the suggestions made in his letter concerning this matter."

And in his letter* to Mr. Cherry, Mr. Wallis said:

"I will communicate further with you in the matter within the next few days."

Without further communication to either of your petitioners, respondent, on Mar. 27, 1940, only two days after sending its letters to petitioners, filed in the United States District Court for the District of Delaware, its complaint (R. 2) in the present action.

On Apr. 10, 1940, petitioners filed in the United States District Court for the Northern District of Illinois their patent infringement action (R. 33) against respondent, charging infringement of Patent Re. 21,406, and praying the usual relief. On respondent's motion and by order of that Court (R. 43), all further proceedings in that infringement action were stayed pending the entry of final decree in the Delaware action.

On Apr. 13, 1940, petitioners filed in the Delaware action a motion to dismiss the complaint or for summary judgment (R. 23). The motion was supported by two affidavits (R. 24 and 28) setting forth the foregoing letters and showing that they constituted the only communications between the parties from the date of the issuance of Patent Re. 21,406 to the date of the filing of the complaint herein. The District Court held that an "actual controversy" existed** but dismissed the action

* This letter (Ex. D, R. 27) is printed in full in Appendix "B" hereto.

** In its opinion, the District Court referred to a certain prior suit brought in 1936 by petitioners in the Eastern District of Pennsylvania against Abbott's Dairies, Inc. for infringement of Patents Nos. 1,783,864, 1,783,867, 1,972,253 to Vogt and No. 1,881,106 to Vogt & Wymond.

The infringement of Patent No. 1,881,106 consisted (1) of the use by defendant of a can-filling device as an accessory to the ice cream freezers used by defendant, and (2) of defendant's use of the freezers.

The freezers so used were made by respondent but the can-filling device was not. Respondent defended the suit.

Claim 4 of Patent 1,881,106 to Vogt & Wymond was adjudged

(Footnote continued on next page.)

because of respondent's unclean hands, as evinced by its letters and the filing of the complaint. At R. 49, the District Court said:

> "The statements in these letters of March 25 and the filing of the complaint by plaintiff in this suit on March 27, with no further communication to either defendant, can not be reconciled with good faith on plaintiff's part. The filing of the complaint in this suit under the circumstances of this case are not consistent with equity and good conscience. 'He that hath committed iniquity shall not have equity.' Railroad Company v. Soutter, 13 Wall. 517, 523.
>
> "In the exercise of its discretion the court will grant defendants' motion to dismiss the complaint."

The Circuit Court of Appeals for the Third Circuit, finding no fault with respondent's conduct, reversed the decree of the District Court dismissing the respondent's complaint (Opinion, R. 55; Judgment, R. 61).

Thus, two naked questions of Federal law of wide and general public interest are here presented.

II. Jurisdiction.

(a) The jurisdiction of this Court is invoked under §240(a) of the Judicial Code as amended by the Act of Feb. 13, 1925, 28 USC §347(a), and under Judicial Code §262, 28 USC §377.

(b) The judgment or decree of the Court below, review of which is sought, is dated Nov. 30, 1940 (R. 61).

(c) The questions here presented involve the construction of the Declaratory Judgment Act (28 USC §400), and the right of one having the status of the respondent herein to institute and maintain an action thereunder.

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valid and infringed. Claims 3 and 5 of Patent 1,783,864 were in issue. They were adjudged infringed if valid, but invalid (24 F. Supp. 551, affirmed 106 F. (2d) 998).

After the termination of that litigation, Patent 1,783,864 was surrendered, *Claims 3 and 5 thereof were disclaimed*, and Re. 21,406, the patent in the case at bar, was issued with new and narrower claims.

The suit instituted in Pennsylvania had been fully concluded and ended before Patent Re. 21,406 was issued.

(d) Cases believed to sustain the jurisdiction of this Court to grant a writ of certiorari in the present case are:

Triplett v. *Lowell*, 297 U. S. 638;
Keystone Co. v. *Excavator Co.*, 290 U. S. 240;
Baldwin v. *Traveling Men's Assn.*, 283 U. S. 522;
Sanders v. *Fertilizer Works*, 292 U. S. 190;
First Natl. Bank v. *Williams*, 252 U. S. 504, 512.

III. Questions Presented.

(1) Whether notice of infringement given under RS §4900, 35 USC §49,* by the owner of the patent to one believed to be infringing that patent creates, in and of itself, an "actual controversy" within the meaning of the Declaratory Judgment Act, 28 USC §400, between him, the patent owner and the exclusive licensee, and enables the alleged infringer forthwith to institute and maintain against the patent owner and the exclusive licensee or either of them, an action for a declaratory judgment with respect to the validity of the patent or its infringement by him.

(2) Whether one who is notified by the owner of a patent pursuant to RS §4900, 35 USC §49, is not barred and precluded by reason of unclean hands from maintaining against the patent owner and his exclusive licensee, or either of them, an action under the Federal Declaratory Judgment Act, 28 USC §400, with respect to the patent, its validity and his alleged infringement thereof, if, after receipt of such notice, the alleged infringer employs any artifice, deception, trick or fraud** to forestall the filing of an infringement action against him by the patent owner, while he, the alleged infringer, is proceeding to file an action under the Federal Declaratory Judgment Act against the patent owner.

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* For convenient reference this Section is set forth in Appendix "C" hereto.

** As for example the promise of respondent in its letters of Mar. 25, 1940 (Appendix B) to consider the suggestion of a license and to communicate further with petitioners with respect thereto, although manifestly respondent was then preparing its complaint filed in Delaware on the second day thereafter.

IV. Reasons Relied on for Allowance of the Writ.

(1) The Circuit Court of Appeals for the Third Circuit has decided important questions of Federal law which have not been but should be settled by this Court.

(2) The Circuit Court of Appeals for the Third Circuit has decided a Federal question in a way probably in conflict with applicable decisions of this Court.

(3) The decision of the Circuit Court of Appeals for the Third Circuit is in conflict with the decisions of Federal Courts in other circuits.

WHEREFORE, your petitioners respectfully pray that a writ of certiorari be issued out of and under the seal of this Court directed to the United States Circuit Court of Appeals for the Third Circuit commanding the said Court to certify and send to this Court on a day to be designated, a full transcript of the record and all proceedings of said Circuit Court of Appeals in the case numbered and entitled on its docket "No. 7503, The Creamery Package Manufacturing Company, plaintiff-appellant, v. Cherry-Burrell Corporation and The Girdler Corporation, defendants-appellees", to the end that this case may be reviewed and determined by this Court; that the judgment of said Circuit Court of Appeals for the Third Circuit be reversed; and that petitioners be granted such other and further relief as to this Honorable Court may seem meet and proper.

CHERRY-BURRELL CORPORATION,
THE GIRDLER CORPORATION,
By CLAIR W. FAIRBANK,
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